

## GENERAL ASSEMBLY COMMONWEALTH OF KENTUCKY

## **2023 REGULAR SESSION**

**HOUSE BILL NO. 506** 

TUESDAY, MARCH 7, 2023

The following bill was reported to the Senate from the House and ordered to be printed.

DATE 10:30 YTYY

MICHAEL G. ADAMS
SECRETARY OF STATE
COMMONWEALTH OF SENTUCKY
BY

- 1 AN ACT relating to post-retirement options for state and local employees.
- 2 Be it enacted by the General Assembly of the Commonwealth of Kentucky:
- 3 → Section 1. KRS 61.635 is amended to read as follows:
- 4 (1) Each member shall have the right to elect to have his or her retirement allowance
- 5 payable under any one (1) of the options set forth in this section in lieu of the
- 6 retirement allowance otherwise payable to the member upon retirement under any
- 7 of the provisions of KRS 16.505 to 16.652, 61.510 to 61.705, and 78.510 to 78.852.
- The amount of any optional retirement allowance shall be actuarially equivalent to
- 9 the amount of retirement allowance otherwise payable to the member.
- 10 (2) Survivorship one hundred percent (100%). The member may elect to receive a
- decreased retirement allowance during his or her lifetime and have the retirement
- allowance continued after the member's death to his or her beneficiary during the
- lifetime of the person.
- 14 (3) Survivorship sixty-six and two-thirds percent (66-2/3%). The member may elect to
- receive a decreased retirement allowance during his or her lifetime and have two-
- thirds (2/3) of the retirement allowance continue after the member's death to his or
- her beneficiary during the lifetime of the person.
- 18 (4) Survivorship fifty percent (50%). The member may elect to receive a decreased
- retirement allowance during his or her lifetime and have one-half (1/2) of the
- retirement allowance continued after the member's death to his or her beneficiary
- during the lifetime of the person.
- 22 (5) Life with ten (10) years certain. The member less than age seventy-six (76) may
- 23 elect to receive a monthly retirement allowance during his or her lifetime which
- shall guarantee payments for one hundred twenty (120) months. If the member dies
- before receiving payments for one hundred twenty (120) months, the member's
- beneficiary shall receive the remaining payments monthly, for the duration of the
- one hundred twenty (120) months' period. However, if the trust is designated as

beneficiary, the trustee of the trust may elect to receive a lump-sum payment which shall be the actuarial equivalent to the remaining payments, or the trustee may elect to continue the remaining monthly payments to the trust of the member. If the estate is designated as beneficiary, the estate shall receive a lump-sum payment which shall be the actuarial equivalent to the remaining payments.

Life with fifteen (15) years certain. The member less than age sixty-eight (68) may elect to receive a monthly retirement allowance during his or her lifetime which shall guarantee payments for one hundred eighty (180) months. If the member dies before receiving payments for one hundred eighty (180) months, the member's beneficiary shall receive the remaining payments monthly for the duration of the one hundred eighty (180) months' period. However, if the trust is designated as beneficiary, the trustee of the trust may elect to receive a lump-sum payment which shall be the actuarial equivalent to the remaining payments, or the trustee may elect to continue the remaining payments to the trust of the member. If the estate is designated as beneficiary, the estate shall receive a lump-sum payment which shall be the actuarial equivalent to the remaining payments.

elect to receive a monthly retirement allowance during his or her lifetime which shall guarantee payments for two hundred forty (240) months. If the member dies before receiving payments for two hundred forty (240) months, the member's beneficiary shall receive the remaining payments for the duration of the two hundred forty (240) months period. However, if the trust is beneficiary, the trustee of the trust may elect to receive a lump-sum payment which shall be the actuarial equivalent to the remaining payments, or the trustee may elect to continue the remaining payments to the trust of the member. If the estate is designated as beneficiary, the estate shall receive a lump-sum payment which shall be the actuarial equivalent to the remaining payments.

(6)

- 1 (8) Social Security adjustment options. These options shall be available to any member 2 who has not attained age sixty-two (62) as follows:
  - (a) No survivor rights. The member may elect to receive an increased retirement allowance from his or her effective retirement date through the month he or she attains age sixty-two (62) at which time his retirement allowance shall be decreased for the remainder of his or her lifetime;
    - (b) Survivor rights. The member may elect to receive an increased retirement allowance from his or her effective retirement date through the month he attains age sixty-two (62) based on the option payable under subsection (2) of this section, if the retirement allowance shall be decreased in the month following the month he or she attains age sixty-two (62), or the month following the month he or she would have attained age sixty-two (62), in event of the member's death, and have the retirement allowance continue after the member's death to his or her beneficiary during the lifetime of the person.
    - Beneficiary Social Security adjustment option. This option is available to the beneficiary of a deceased member if the beneficiary, who is a person, has not attained age sixty (60), and is eligible to receive Social Security payments at age sixty (60). The beneficiary may elect to receive during his or her lifetime an increased retirement allowance based on his or her annual benefit payable for life. The payment shall begin on his or her effective retirement date and continue through the month he or she attains age sixty (60) at which time his or her retirement allowance shall be decreased for the remainder of his or her lifetime.
    - (10) Pop-up option. The member may elect to receive a decreased retirement allowance during his or her lifetime and have the retirement allowance continued after the member's death to his or her beneficiary during the lifetime of the person. If the beneficiary dies prior to the member, or if the beneficiary is the member's spouse and they divorce, the member's retirement allowance shall increase to the amount

1	that	would have been payable as a single life annuity.
2	(11) Actu	arial equivalent refund. A member who began participating in the system prior
3	to Ja	muary 1, 2014, may elect to receive a one (1) time lump-sum payment which
4	shall	be the actuarial equivalent of the amount payable for a period of sixty (60)
5	mon	ths under KRS 61.595 (1).
6	(12) Parti	ial lump-sum option.
7	(a)	No survivor rights. A member [retiring on or before January 1, 2009,] may
8		elect to receive a one-time lump-sum payment equal to twelve (12), twenty-
9		four (24), for thirty-six (36), forty-eight (48), or sixty (60) monthly
10		retirement allowances payable under the applicable retirement formula for the
11		system and receive a reduced monthly retirement allowance payable for his or
12		her lifetime. The lump-sum payment shall be paid in the month the first
13		monthly retirement allowance is payable.
14	(b)	Survivor rights. A member[-retiring on or before January 1, 2009,] may elect
15		to receive a one-time lump-sum payment equal to twelve (12), twenty-four
16		(24), for thirty-six (36), forty-eight (48), or sixty (60) monthly retirement
17		allowances payable under subsection (2) of this section and receive a reduced
18		monthly retirement allowance payable for his or her lifetime. The lump-sum
19		payment shall be paid in the month the first monthly retirement allowance is
20		payable. The reduced retirement allowance shall be continued after the
21		member's death to his or her beneficiary during the lifetime of the person.
22	(c)	In order to explain the partial lump-sum option to members, the Authority
23		<u>shall:</u>
24		1. Provide, for all retirement estimates that include the partial lump-sun
25		option, including estimates calculated by a member using ar
26		automatic estimator available on the Authority's website, the
27		additional months of service a member would have to be employed in

1	order to recoup the actuarial reduction in his or her monthly
2	retirement allowance from selecting a partial lump-sum option at each
3	payment level; and
4	2. Prepare and make available to all members and participating
5	employers in the form of a paper or electronic pamphlet or booklet a
6	summary of the partial lump-sum option, written in a manner that can
7	be understood by the average member and sufficiently accurate and
8	comprehensive to reasonably apprise them of the benefits and
9	potential consequences, including federal tax consequences, of taking
10	a partial lump-sum option.
11	(13) The other provisions of this section notwithstanding, the beneficiary of a retired
12	member of the General Assembly shall, after the member's death, receive sixty-six
13	and two-thirds percent (66-2/3%) of the member's retirement allowance during his
14	or her lifetime if the member of the General Assembly began participating in the
15	system prior to January 1, 2014, and has elected this option and has made
16	contributions in accordance with subsection (14) of this section and of KRS 61.560.
17	The retirement allowance of the retired member of the General Assembly shall not
18	be actuarially reduced to provide for this survivor benefit.
19	(14) A member of the General Assembly who began participating in the system prior to
20	January 1, 2014, who wishes to obtain the survivorship option specified in
21	subsection (13) of this section shall so notify the Kentucky Public Pensions
22	Authority:
23	(a) Within thirty (30) days after first becoming a member of the General
24	Assembly if he or she is not a member of the General Assembly on July 15
25	1980; or
26	(b) Within thirty (30) days after July 15, 1980, if he or she is a member of the
27	General Assembly on July 15, 1980.

- 1 (15) The system shall forward to members of the General Assembly a form on which a
  2 member who began participating in the system prior to January 1, 2014, may elect
  3 the option provided for in subsections (13) and (14) of this section.
- 4 (16) The options described in subsections (2), (3), (4), (8)(b), (10), (12)(b), and (13) of 5 this section shall be extended to the member only if the designated beneficiary is a 6 person.
- 7 → Section 2. KRS 61.637 is amended to read as follows:
- A retired member who is receiving monthly retirement payments under any of the 8 provisions of KRS 61.510 to 61.705 and 78.510 to 78.852 and who is reemployed 9 as an employee by a participating agency prior to August 1, 1998, shall have his or 10 her retirement payments suspended for the duration of reemployment. Monthly 11 payments shall not be suspended for a retired member who is reemployed if he or 12 she anticipates that he or she will receive less than the maximum permissible 13 earnings as provided by the Federal Social Security Act in compensation as a result 14 of reemployment during the calendar year. The payments shall be suspended at the 15 beginning of the month in which the reemployment occurs. 16
- Employer and employee contributions shall be made as provided in KRS 61.510 to 61.705 and 78.510 to 78.852 on the compensation paid during reemployment, except where monthly payments were not suspended as provided in subsection (1) of this section or would not increase the retired member's last monthly retirement allowance by at least one dollar (\$1), and the member shall be credited with additional service credit.
- 23 (3) In the month following the termination of reemployment, retirement allowance
  24 payments shall be reinstated under the plan under which the member was receiving
  25 payments prior to reemployment.
- 26 (4) (a) Notwithstanding the provisions of this section, the payments suspended in accordance with subsection (1) of this section shall be paid retroactively to the

1		retired member, or his or her estate, if he or she does not receive more than
2		the maximum permissible earnings as provided by the Federal Social Security
3		Act in compensation from participating agencies during any calendar year of
4		reemployment.
5	(b)	If the retired member is paid suspended payments retroactively in accordance
6		with this section, employee contributions deducted during his or her period of
7		reemployment, if any, shall be refunded to the retired employee, and no
8		service credit shall be earned for the period of reemployment.
9	(c)	If the retired member is not eligible to be paid suspended payments for his or
10 .		her period of reemployment as an employee, his or her retirement allowance
11		shall be recomputed under the plan under which the member was receiving
12		payments prior to reemployment as follows:
13		1. The retired member's final compensation shall be recomputed using
14		creditable compensation for his or her period of reemployment;
15		however, the final compensation resulting from the recalculation shall
16		not be less than that of the member when his or her retirement allowance
17		was last determined;
18		2. If the retired member initially retired on or subsequent to his or her
19		normal retirement date, his or her retirement allowance shall be
20		recomputed by using the formula in KRS 61.595(1);
21		3. If the retired member initially retired prior to his or her normal
22		retirement date, his or her retirement allowance shall be recomputed
23		using the formula in KRS 61.595(2), except that the member's age used
24		in computing benefits shall be his or her age at the time of his or her
25		initial retirement increased by the number of months of service credit
26		earned for service performed during reemployment;

The retirement allowance payments resulting from the recomputation

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1		under this subsection shall be payable in the month following the
2		termination of reemployment in lieu of payments under subparagraph 3.
3		of this paragraph. The member shall not receive less in benefits as a
4		result of the recomputation than he or she was receiving prior to
5		reemployment or would receive as determined under KRS 61.691; and
6		5. Any retired member who was reemployed prior to March 26, 1974, shall
7		begin making contributions to the system in accordance with the
8		provisions of this section on the first day of the month following March
9		26, 1974.
10	(5)	A retired member, or his or her estate, shall pay to the retirement fund the total
11		amount of payments which are not suspended in accordance with subsection (1) of
12		this section if the member received more than the maximum permissible earnings as
13		provided by the Federal Social Security Act in compensation from participating
14		agencies during any calendar year of reemployment, except the retired member or
15		his or her estate may repay the lesser of the total amount of payments which were
16		not suspended or fifty cents (\$0.50) of each dollar earned over the maximum
17		permissible earnings during reemployment if under age sixty-five (65), or one
18		dollar (\$1) for every three dollars (\$3) earned if over age sixty-five (65).
19	(6)	(a) "Reemployment" or "reinstatement" as used in this section shall not include a
20		retired member who has been ordered reinstated by the Personnel Board under
21		authority of KRS 18A.095.
22		(b) A retired member who has been ordered reinstated by the Personnel Board
23		under authority of KRS 18A.095 or by court order or by order of the Human
24		Rights Commission and accepts employment by an agency participating in the
25		Kentucky Employees Retirement System or County Employees Retirement
26		System shall void his or her retirement by reimbursing the system in the full

amount of his or her retirement allowance payments received.

- Effective August 1, 1998, the provisions of subsections (1) to (4) of this (7) (a) 1 section shall no longer apply to a retired member who is reemployed in a 2 position covered by the same retirement system from which the member 3 retired. Reemployed retired members shall be treated as new members upon 4 reemployment. Any retired member whose reemployment date preceded 5 August 1, 1998, who does not elect, within sixty (60) days of notification by 6 the retirement systems, to remain under the provisions of subsections (1) to 7 (4) of this section shall be deemed to have elected to participate under this 8 subsection. 9
  - A retired member whose disability retirement was discontinued pursuant to KRS 61.615 and who is reemployed in one (1) of the systems administered by the Kentucky Retirement Systems or County Employees Retirement System prior to his or her normal retirement date shall have his or her accounts combined upon termination for determining eligibility for benefits. If the member is eligible for retirement, the member's service and creditable compensation earned as a result of his or her reemployment shall be used in the calculation of benefits, except that the member's final compensation shall not be less than the final compensation last used in determining his or her retirement allowance. The member shall not change beneficiary or payment option designations. This provision shall apply to members reemployed on or after August 1, 1998.
  - 8) If a retired member accepts employment or begins serving as a volunteer with an employer participating in the systems administered by Kentucky Retirement Systems or County Employees Retirement System within twelve (12) months of his or her retirement date, the retired member shall notify the Authority and the participating employer shall submit the information required or requested by the Authority to confirm the individual's employment or volunteer status. The retired

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member shall not be required to notify the Authority regarding any employment or volunteer service with a participating agency that is accepted after twelve (12) months following his or her retirement date.

- If the retired member is under a contract to provide services as an independent contractor or leased employee to an employer participating in the systems administered by Kentucky Retirement Systems or County Employees Retirement System within twelve (12) months of his or her retirement date, the member shall submit a copy of that contract to the Authority, and the Authority shall determine if the member is an independent contractor or leased employee for purposes of retirement benefits. The retired member and the participating employer shall submit the information required or requested by the Authority to confirm the individual's status as an independent contractor or leased employee. The retired member shall not be required to notify the Authority regarding any services entered into as an independent contractor or leased employee with a participating agency that the employee enters into after twelve (12) months following his or her retirement date.
- (10) If a member is receiving a retirement allowance, or has filed the forms required for a retirement allowance, and is employed within one (1) month of the member's initial retirement date in a position that is required to participate in the same retirement system from which the member retired, the member's retirement shall be voided and the member shall repay to the retirement system all benefits received. The member shall contribute to the member account established for him or her prior to his or her voided retirement. The retirement allowance for which the member shall be eligible upon retirement shall be determined by total service and creditable compensation.
- 25 (11) (a) If a member of the Kentucky Employees Retirement System retires from a
  26 department which participates in more than one (1) retirement system and is
  27 reemployed within one (1) month of his or her initial retirement date by the

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1			same department in a position participating in another retirement system, the
2			retired member's retirement allowance shall be suspended for the first month
3			of his or her retirement, and the member shall repay to the retirement system
4			all benefits received for the month.
5		(b)	A retired member of the County Employees Retirement System who after
6			initial retirement is hired by the county from which the member retired shall
7			be considered to have been hired by the same employer.
8	(12)	(a)	If a hazardous member who retired prior to age fifty-five (55), or a
9		-	nonhazardous member who retired prior to age sixty-five (65), is reemployed
0			within six (6) months of the member's termination by the same employer, the
1			member shall obtain from his or her previous and current employers a copy of
12			the job description established by the employers for the position and a
13			statement of the duties performed by the member for the position from which
14			he or she retired and for the position in which he or she has been reemployed.
15	٠	(b)	The job descriptions and statements of duties shall be filed with the retirement
16			office.
17	(13)	If th	e retirement system determines that the retired member has been employed in a
18		posi	ition with the same principal duties as the position from which the member
19		retii	red:
20		(a)	The member's retirement allowance shall be suspended during the period that
21	٠		begins on the month in which the member is reemployed and ends six (6)
22			months after the member's termination;
23		(b)	The retired member shall repay to the retirement system all benefits paid from
24			systems administered by Kentucky Retirement Systems or County Employees
25			Retirement System under reciprocity, including medical insurance benefits,
26			that the member received after reemployment began;
27	•	(c)	Upon termination, or subsequent to expiration of the six (6) month period

1		from the date of termination, the retired member's retirement allowance based
2		on his or her initial retirement account shall no longer be suspended, and the
3		member shall receive the amount to which he or she is entitled, including an
4		increase as provided by KRS 61.691;
5	(d)	Except as provided in subsection (7) of this section, if the position in which a
6		retired member is employed after initial retirement is a regular full-time
7		position, the retired member shall contribute to a second member account
8		established for him or her in the retirement system. Service credit gained after
9		the member's date of reemployment shall be credited to the second member
0		account; and
1 .	(e)	Upon termination, the retired member shall be entitled to benefits payable
2		from his or her second retirement account.
3	(14) (a)	If the retirement system determines that the retired member has not been
4		reemployed in a position with the same principal duties as the position from
5		which he or she retired, the retired member shall continue to receive his or her
6		retirement allowance.
7	(b)	If the position is a regular full-time position, the member shall contribute to a
8		second member account in the retirement system.
9	(15) (a)	If a retired member is reemployed at least one (1) month after initia
20		retirement in a different position, or at least six (6) months after initia
21		retirement in the same position, and prior to normal retirement age, the retired
22		member shall contribute to a second member account in the retirement system
23		and continue to receive a retirement allowance from the first member account
24	(b)	Service credit gained after reemployment shall be credited to the second
25		member account. Upon termination, the retired member shall be entitled to
26		benefits payable from the second member account.

(16) A retired member who is reemployed and contributing to a second member account

1	shall not be eligible to purchase service credit under any of the provisions of KRS
2	16.505 to 16.652, 61.510 to 61.705, or 78.510 to 78.852 which he or she was
3	eligible to purchase prior to his or her initial retirement.

- (17) Notwithstanding any provision of subsections (1) to (7)(a) and (10) to (15) of this section, the following shall apply to retired members who are reemployed by an agency participating in one (1) of the systems administered by Kentucky Retirement Systems or County Employees Retirement System on or after September 1, 2008:
  - Except as provided by paragraphs (e) and (d) of this subsection, If a member is receiving a retirement allowance from one (1) of the systems administered by Kentucky Retirement Systems or County Employees Retirement System, or has filed the forms required to receive a retirement allowance from one (1) of the systems administered by Kentucky Retirement Systems or County Employees Retirement System, and is employed in a regular full-time position required to participate in one (1) of the systems administered by Kentucky Retirement Systems or County Employees Retirement System or is employed in a position that is not considered regular full-time with an agency participating in one (1) of the systems administered by Kentucky Retirement Systems or County Employees Retirement System within one (1) month three (3) months following the member's initial retirement date, the member's retirement shall be voided, and the member shall repay to the retirement system all benefits received, including any health insurance benefits. If the member is returning to work in a regular full-time position required to participate in one (1) of the systems administered by Kentucky Retirement Systems:
    - 1. The member shall contribute to a member account established for him or her in one (1) of the systems administered by Kentucky Retirement

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1	Systems or County Employees Retirement System, and employer
2	contributions shall be paid on behalf of the member by the participating
3	employer; and

- Upon subsequent retirement, the member shall be eligible for a retirement allowance based upon total service and creditable compensation, including any additional service or creditable compensation earned after his or her initial retirement was voided;
- (b) [Except as provided by paragraphs (e) and (d) of this subsection, ]If a member is receiving a retirement allowance from one (1) of the systems administered by Kentucky Retirement Systems or County Employees Retirement System and is employed in a regular full-time position required to participate in one (1) of the systems administered by Kentucky Retirement Systems or County Employees Retirement System after a <u>one (1) month</u>[three (3)] month period following the member's initial retirement date, the member may continue to receive his or her retirement allowance during the period of reemployment subject to the following provisions:
  - If a member is reemployed by a participating agency within twelve (12) months of the member's retirement date, the participating agency shall certify in writing on a form prescribed by the Authority that no prearranged agreement existed between the employee and agency prior to the employee's retirement for the employee to return to work with the participating agency. If an elected official is reelected to a new term of office in the same position as the elected official held prior to retirement and takes office within twelve (12) months of his or her retirement date, he or she shall be deemed by the Authority as having a prearranged agreement under the provisions of this subparagraph and shall have his or her retirement voided. If the participating agency fails to complete the

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1			certification, the member's retirement shall be voided and the provisions
2			of paragraph (a) of this subsection shall apply to the member and the
3			employer. Employment that is accepted by the retired member after
4			twelve (12) months following the member's retirement date shall not
5			constitute a prearranged agreement under this paragraph;
6		2.	Notwithstanding any other provision of KRS Chapter 16, 61, or 78 to
7			the contrary, the member shall not contribute to the systems and shall
8			not earn any additional benefits for any work performed during the
9			period of reemployment;
10		3.	Except as provided by KRS 70.291 to 70.293, 95.022, and 164.952 and
1			except for any retiree employed as a school resource officer as defined
12			by KRS 158.441, the employer shall pay employer contributions as
13			specified by KRS 61.565, 61.702, and 78.635, as applicable, on all
14			creditable compensation earned by the employee during the period of
15			reemployment. The additional contributions paid shall be used to reduce
16			the unfunded actuarial liability of the systems; and
17		4.	Except as provided by KRS 70.291 to 70.293, 95.022, and 164.952 and
18			except for any retiree employed as a school resource officer as defined
19			by KRS 158.441, the employer shall be required to reimburse the
20	•		systems for the cost of the health insurance premium paid by the
21			systems to provide coverage for the retiree, not to exceed the cost of the
22			single premium. Effective July 1, 2015, local school boards shall not be
23			required to pay the reimbursement required by this subparagraph for
24			retirees employed by the board for eighty (80) days or less during the
25			fiscal year;
26	(c)	<del>[If</del>	a member is receiving a retirement allowance from the State Police
27	(-)		tirement System or from hazardous duty retirement coverage with the

1	Kentucky Employees Retirement System or the County Employees
2	Retirement System, or has filed the forms required to receive a retirement
3	allowance from the State Police Retirement System or from hazardous duty
4	retirement coverage with the Kentucky Employees Retirement System or the
5	County Employees Retirement System, and is employed in a regular full time
6	position required to participate in the State Police Retirement System or in a
7	hazardous duty position with the Kentucky Employees Retirement System or
8	the County Employees Retirement System within one (1) month following the
9	member's initial retirement date, the member's retirement shall be voided, and
10	the member shall repay to the retirement system all benefits received,
11	including any health insurance benefits. If the member is returning to work in
12	a regular full-time position required to participate in one (1) of the systems
13	administered by Kentucky Retirement Systems or County Employees
14	Retirement System:
15	1. The member shall contribute to a member account established for him or
16	her in one (1) of the systems administered by Kentucky Retirement
17	Systems or County Employees Retirement System, and employer
18	contributions shall be paid on behalf of the member by the participating
19	employer; and
20	2. Upon subsequent retirement, the member shall be eligible for a
21	retirement allowance based upon total service and creditable
22	compensation, including any additional service or creditable
23	compensation carned after his or her initial retirement was voided;
24	(d) If a member is receiving a retirement allowance from the State Police
25	Retirement System or from hazardous duty retirement coverage with the
26	Kentucky Employees Retirement System or the County Employees
27	Retirement System and is employed in a regular full time position required to

participate in the State Police Retirement System or in a hazardous duty
position with the Kentucky Employees Retirement System or the County
Employees Retirement System after a one (1) month period following the
member's initial retirement date, the member may continue to receive his or
her retirement allowance during the period of reemployment subject to the
following provisions:
1. If a member is reemployed by a participating agency within twelve (12)

- months of the member's retirement date, the participating agency shall certify in writing on a form prescribed by the Authority that no prearranged agreement existed between the employee and agency prior to the employee's retirement for the employee to return to work with the participating agency. If an elected official is reelected to a new term of office in the same position as the elected official held prior to retirement and takes office within twelve (12) months of his or her retirement date, he or she shall be deemed by the Authority as having a prearranged agreement under the provisions of this subparagraph and shall have his or her retirement voided. If the participating agency fails to complete the certification, the member's retirement shall be voided and the provisions of paragraph (e) of this subsection shall apply to the member and the employer. Employment that is accepted by the retired member after twelve (12) months following the member's retirement date shall not constitute a prearranged agreement under this paragraph;
- 2. Notwithstanding any other provision of KRS Chapter 16, 61, or 78 to the contrary, the member shall not contribute to the systems and shall not earn any additional benefits for any work performed during the period of reemployment;
- 3. Except as provided by KRS 70.291 to 70.293, 95.022, and 164.952 and

1	except for any retiree employed as a school resource officer as defined
2	by KRS 158.441, the employer shall pay employer contributions as
3	specified by KRS 61.565, 61.702, and 78.635, as applicable, on all
4	ereditable compensation earned by the employee during the period of
5	reemployment. The additional contributions paid shall be used to reduce
6	the unfunded actuarial liability of the systems;
7	4. Except as provided by KRS 70.291 to 70.293, 95.022, and 164.952 and
8	except for any retiree employed as a school resource officer as defined
9	by KRS 158.441, the employer shall be required to reimburse the
10	systems for the cost of the health insurance premium paid by the
11	systems to provide coverage for the retiree, not to exceed the cost of the
12	single premium;
13	(e) Notwithstanding paragraphs (a) and (b)[to (d)] of this subsection, a retired
14	member who qualifies as a volunteer for an employer participating in one (1)
15	of the systems administered by Kentucky Retirement Systems or County
16	Employees Retirement System and who is receiving reimbursement of actua
17	expenses, a nominal fee for his or her volunteer services, or both, shall not be
18	considered an employee of the participating employer and shall not be subjec
19	to paragraphs (a) and (b) to (d) of this subsection if:
20	1. Prior to the retired member's most recent retirement date, he or she did
21	not receive creditable compensation from the participating employer in
22	which the retired member is performing volunteer services;
23	2. Any reimbursement or nominal fee received prior to the retired
24	member's most recent retirement date has not been credited as creditable
25	compensation to the member's account or utilized in the calculation of
26	the retired member's benefits;

The retired member has not purchased or received service credit under

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1	any of the provisions of KRS 61.510 to 61.705 or 78.510 to 78.852 for
2	service with the participating employer for which the retired member is
3	performing volunteer services; and
4	4. Other than the status of volunteer, the retired member does not become
5	an employee, leased employee, or independent contractor of the
6	employer for which he or she is performing volunteer services for a
7	period of at least twelve (12) months following the retired member's
8	most recent retirement date.
9	If a retired member, who provided volunteer services with a participating
10	employer under this paragraph violates any provision of this paragraph, then
11	he or she shall be deemed an employee of the participating employer as of the
12	date he or she began providing volunteer services and both the retired member
13	and the participating employer shall be subject to paragraphs (a) and (b) to
14	(d) of this subsection for the period of volunteer service;
15	(d){(f)} Notwithstanding any provision of this section, any mayor or member of
16	a city legislative body shall not be required to resign from his or her position
17	as mayor or as a member of the city legislative body in order to begin drawing
18	benefits from the systems administered by Kentucky Retirement Systems or
19	subject to any provision of this section as it relates solely to his or her service
20°	as a mayor or member of the city legislative body if the mayor or member of a
21	city legislative body:
22	1. Has not participated in the County Employees Retirement System prior
23	to retirement, but is otherwise eligible to retire from the Kentucky
24	Employees Retirement System or the State Police Retirement System; or
25	2. Has been or is participating in the County Employees Retirement
26	System and is at least sixty-two (62) years of age. If a mayor or member
27	of a city legislative body who is at least sixty-two (62) years of age

1	retires from the systems administered by Kentucky Retirement Systems
2	but remains in office after his or her effective retirement date, the mayor
3	or member of the city legislative body shall not accrue any further
4	service credit or benefits in the systems administered by Kentucky
5	Retirement Systems for any employment occurring on or after the
6	effective retirement date;
7	(e)[(g)] Notwithstanding any provision of this section, any current or future part-
8	time adjunct instructor for the Kentucky Fire Commission who has not
9	participated in the Kentucky Employees Retirement System prior to
10	retirement, but who is otherwise eligible to retire from the County Employees
11	Retirement System, shall not be:
12	1. Required to resign from his or her position as a part-time adjunct
13	instructor for the Kentucky Fire Commission in order to begin drawing
14	benefits from the County Employees Retirement System; or
15	2. Subject to any provision of this section as it relates solely to his or her
16	service as a part-time adjunct instructor for the Kentucky Fire
17	Commission;
18	(f(h)) If a member is receiving a retirement allowance from any of the
19	retirement systems administered by the Kentucky Retirement Systems or
20	County Employees Retirement System and enters into a contract or becomes a
21	leased employee of an employer under contract with an employer
22	participating in one (1) of the systems administered by the Kentucky
23	Retirement Systems or County Employees Retirement System:
24	1. At any time following retirement, if the Authority determines the
25	employment arrangement does qualify as an independent contractor or
26	leased employee, the member may continue to receive his or her
27	retirement allowance during the period of the contract;

1	2	. Within one (1) month[three (3) months] following the member's initial
2		retirement date, if the Authority determines the employment
3		arrangement does not qualify as an independent contractor or leased
4		employee, the member's retirement shall be voided in accordance with
5		paragraph (a) of this subsection;
6	3	After one (1) month[three (3) months] but within twelve (12) months
7		following the member's initial retirement, if the Authority determines
8		the employment arrangement does not qualify as an independent
9		contractor or leased employee and that a prearranged agreement existed
10		between the member and the agency for the member to return to work
11		with the agency, the member's retirement shall be voided in accordance
12		with paragraph (a) of this subsection; and
13		4. After a twelve (12) month period following the member's initial
14		retirement, the member may continue to receive his or her retirement
15		allowance during the period of the contract and the member shall not be
16		required to notify the system or submit any documentation for purposes
17		of this section to the system.
18		The initiation of a contract or the initial date of the leased employment of a
19		retired member by a participating agency that occurs after twelve (12) months
20		or more following the retired member's retirement date shall not constitute a
21		prearranged agreement under this subsection; and
22	(g) <del>[(i</del>	The Authority shall issue a final determination regarding a certification
23		of the absence of a prearranged agreement or the retired member's
24		qualification as an independent contractor or leased employee as required
25		under this section no later than thirty (30) days after the retired member and
26		participating employer provide all required forms and additional information

required by the Authority.

- 1 (18) The Authority shall promulgate administrative regulations to implement the 2 requirements of this section, including incorporating by reference board-prescribed 3 forms that a retired member and participating agency shall provide the systems 4 under subsections (8), (9), and (17) of this section.
- 5 → Section 3. KRS 78.5540 is amended to read as follows:
- 6 A retired member whose disability retirement was discontinued pursuant to KRS (1) 7 78.5528 and who is reemployed by an employer participating in the system or the Kentucky Retirement Systems prior to his or her normal retirement date shall have 8 9 his or her accounts combined upon termination for determining eligibility for benefits. If the member is eligible for retirement, the member's service and 10 creditable compensation earned as a result of his or her reemployment shall be used 11 in the calculation of benefits, except that the member's final compensation shall not 12 be less than the final compensation last used in determining his or her retirement 13 allowance. The member shall not change beneficiary or payment option 14 15 designations.
  - (2) (a) If a retired member accepts employment or begins serving as a volunteer with an employer participating in the systems administered by Kentucky Retirement Systems or the County Employees Retirement System within twelve (12) months of his or her retirement date, the retired member shall notify the Authority and the participating employer shall submit the information required or requested by the Authority to confirm the individual's employment or volunteer status. The retired member shall not be required to notify the Authority regarding any employment or volunteer service with a participating agency that is accepted after twelve (12) months following his or her retirement date.
    - (b) If the retired member is under a contract to provide services as an independent contractor or leased employee to an employer participating in the systems

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administered by Kentucky Retirement Systems or the County Employees
Retirement System within twelve (12) months of his or her retirement date,
the member shall submit a copy of that contract to the Authority, and the
Authority shall determine if the member is an independent contractor or
leased employee for purposes of retirement benefits. The retired member and
the participating employer shall submit the information required or requested
by the Authority to confirm the individual's status as an independent
contractor or leased employee. The retired member shall not be required to
notify the Authority regarding any services entered into as an independent
contractor or leased employee with a participating agency that the employee
enters into after twelve (12) months following his or her retirement date.

- (3) Retired members of the County Employees Retirement System who returned to work with an employer that participates in the County Employees Retirement System or Kentucky Retirement Systems prior to September 1, 2008, shall be governed by the provisions of KRS 61.637(1) to (16).
  - (4) The following shall apply to retired members of the County Employees Retirement System who are reemployed on or after September 1, 2008, by an agency participating in the systems administered by the County Employees Retirement System or the Kentucky Retirement Systems:
    - (Except as provided by paragraphs (e) and (d) of this subsection, If a retired member is receiving a retirement allowance from the County Employees Retirement System, or has filed the forms required to receive a retirement allowance from the County Employees Retirement System, and is employed in a regular full-time position required to participate in the County Employees Retirement System or one (1) of the systems administered by the Kentucky Retirement Systems or is employed in a position that is not considered regular full-time with an employer participating in the County Employees Retirement

1		System or in one (1) of the systems administered by the Kentucky Retirement
2		Systems within one (1) month[three (3) months] following the member's
3		initial retirement date, the member's retirement shall be voided, and the
4		member shall repay to the system all benefits received, including any health
5		insurance benefits. If the retired member is returning to work in a regular full-
6		time position required to participate in the County Employees Retirement
7		System:
8		1. The member shall contribute to a member account established for him or
9		her in the County Employees Retirement System or in one (1) of the
10		systems administered by the Kentucky Retirement Systems, and
11		employer contributions shall be paid on behalf of the member by the
12		participating employer to the system; and
13		2. Upon subsequent retirement, the member shall be eligible for a
14		retirement allowance based upon total service and creditable
15		compensation, including any additional service or creditable
16		compensation earned after his or her initial retirement was voided;
17	(b)	[Except as provided by paragraphs (e) and (d) of this subsection, ]If a retired
18		member is receiving a retirement allowance from the County Employees
19		Retirement System and is employed in a regular full-time position required to
20		participate in the County Employees Retirement System or in one (1) of the
21	· .	systems administered by the Kentucky Retirement Systems after a one (1)
22		month[three (3)] month period following the member's initial retirement date,
23		the member may continue to receive his or her retirement allowance during
24		the period of reemployment subject to the following provisions:
25		1. If a member is reemployed by a participating employer within twelve
26		(12) months of the member's retirement date, the participating employer

shall certify in writing on a form prescribed by the Authority that no

1			prearranged agreement existed between the employee and employer
2			prior to the employee's retirement for the employee to return to work
3			with the participating employer. If the participating employer fails to
4	•		complete the certification or the Authority determines a prearranged
5			agreement exists, the member's retirement shall be voided and the
6			provisions of paragraph (a) of this subsection shall apply to the member
7			and the employer. For purposes of this paragraph:
8			a. If an elected official is reelected to a new term of office in the
9			same position as the elected official held prior to retirement and
10			takes office within twelve (12) months of his or her retirement
11			date, he or she shall be deemed by the Authority as having a
12			prearranged agreement; and
13			b. Employment that is accepted by the retired member after twelve
14			(12) months following the member's retirement date shall not
15			constitute a prearranged agreement under this paragraph;
16		2.	Notwithstanding any other provision of KRS Chapter 78 to the contrary,
17			the member shall not contribute to the system and shall not earn any
18			additional benefits for any work performed during the period of
19			reemployment;
20		3.	Except as provided by KRS 70.291 to 70.293, 95.022, and 164.952 and
21			except for any retiree employed as a school resource officer as defined
22			by KRS 158.441, the employer shall pay employer contributions as
23			specified by KRS 78.5536 and 78.635 on all creditable compensation
24			earned by the employee during the period of reemployment. The
25			additional contributions paid shall be used to reduce the unfunded
26			actuarial liability of the system; and
27		4.	Except as provided by KRS 70.291 to 70.293, 95.022, and 164.952 and

1		except for any retiree employed as a school resource officer as de	efined
2		by KRS 158.441, the employer shall be required to reimburse the s	ystem
3		for the cost of the health insurance premium paid by the syst	em to
4		provide coverage for the retiree, not to exceed the cost of the	single
5		premium. Effective July 1, 2015, local school boards shall r	ot be
6		required to pay the reimbursement required by this subparagrap	ph for
7		retirees employed by the board for eighty (80) days or less during	ng the
8		fiscal year;	1
9	(c) <del>[If</del>	a member is receiving a retirement allowance from hazardous po	esitier

- eoverage with the County Employees Retirement System, or has filed the forms required to receive a retirement allowance from the County-Employees Retirement System for service in a hazardous position, and is employed in a regular full time hazardous position required to participate in the County Employees Retirement System or the Kentucky Retirement Systems within one (1) month following the member's initial retirement date, the member's retirement shall be voided, and the member shall repay to the system all benefits received, including any health insurance benefits. If the member is returning to work in a regular full time position required to participate in the County Employees Retirement System or the Kentucky Retirement Systems:
- The member shall contribute to a member account established for him or her in the County Employees Retirement System or the Kentucky Retirement Systems, and employer contributions shall be paid on behalf of the member by the participating employer; and
- Upon subsequent retirement, the member shall be eligible for a retirement allowance based upon total service and creditable compensation, including any additional service or creditable compensation carned after his or her initial retirement was voided;

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1	(d) If a member is receiving a retirement allowance from the hazardous position
2	coverage with the County Employees Retirement System and is employed in a
3	regular full-time hazardous position required to participate in the County
4	Employees Retirement System or the Kentucky Retirement Systems after a
5	one (1) month period following the member's initial retirement date, the
6	member may continue to receive his or her retirement allowance during the
7	period of reemployment subject to the following provisions:
8	1. If a member is reemployed by a participating employer within twelve (12)
9	months of the member's retirement date, the participating employer shall
10	certify in writing on a form prescribed by the Authority that no prearranged
11	agreement existed between the employee and employer prior to the
12	employee's retirement for the employee to return to work with the
13	participating employer. If the participating employer fails to complete the
14	certification or the Authority determines a prearranged agreement exists, the
15	member's retirement shall be voided and the provisions of paragraph (e) of
16	this subsection shall apply to the member and the employer. For purposes of
17	this paragraph:
18	a. If an elected official is reelected to a new term of office in the same position
19	as the elected official held prior to retirement and takes office within twelve
20	(12) months of his or her retirement date, he or she shall be deemed by the
21	Authority as having a prearranged agreement; and
22	b. Employment that is accepted by the retired member after twelve (12) months
23	following the member's retirement date shall not constitute a prearranged
24	agreement under this paragraph;
25	2. Notwithstanding any other provision of KRS Chapter 78 to the contrary, the
26	member shall not contribute to the system or the Kentucky Retiremen
27	Systems and shall not earn any additional benefits for any work performe

1		during the period of reemployment;
2	3.	Except as provided by KRS 70.291 to 70.293, 95.022, and 164.952 and except
3		for any retiree employed as a school resource officer as defined by KRS
4		158.441, the employer shall pay employer contributions as specified by KRS
5		78.5536 and 78.635 on all creditable compensation earned by the employee
6		during the period of reemployment. The additional contributions paid shall be
7		used to reduce the unfunded actuarial liability of the system; and
8	4.	Except as provided by KRS 70.291 to 70.293, 95.022, and 164.952 and except
9		for any retiree employed as a school resource officer as defined by KRS
10		158.441, the employer shall be required to reimburse the system for the cost
11		of the health insurance premium paid by the system to provide coverage for
12		the retiree, not to exceed the cost of the single premium;
13	<del>(e)</del> -	Notwithstanding paragraphs (a) and (b) to (d) of this subsection, a retired
14	•	member who qualifies as a volunteer for an employer participating in the
15		County Employees Retirement System or the Kentucky Retirement Systems
16		and who is receiving reimbursement of actual expenses, a nominal fee for his
17		or her volunteer services, or both, shall not be considered an employee of the
18		participating employer and shall not be subject to paragraphs (a) and (b) to
19		(d)] of this subsection if:
20		1. Prior to the retired member's most recent retirement date, he or she did
21		not receive creditable compensation from the participating employer in
22		which the retired member is performing volunteer services;
23		2. Any reimbursement or nominal fee received prior to the retired
24		member's most recent retirement date has not been credited as creditable
25		compensation to the member's account or utilized in the calculation of
26		the retired member's benefits;
27	•	3. The retired member has not purchased or received service credit under

1	any of the provisions of KRS 78.510 to 78.852 for service with the
2	participating employer for which the retired member is performing
3	volunteer services; and
4	4. Other than the status of volunteer, the retired member does not become
5	an employee, leased employee, or independent contractor of the
6	employer for which he or she is performing volunteer services for a
7	period of at least twelve (12) months following the retired member's
8	most recent retirement date.
9	If a retired member, who provided volunteer services with a participating
10	employer under this paragraph violates any provision of this paragraph, then
11	he or she shall be deemed an employee of the participating employer as of the
12	date he or she began providing volunteer services and both the retired member
13	and the participating employer shall be subject to paragraphs (a) and (b) to
14	(d) of this subsection for the period of volunteer service;
15	(d)[(f)] Notwithstanding any provision of this section, any mayor or member of
16	a city legislative body shall not be required to resign from his or her position
17	as mayor or as a member of the city legislative body in order to begin drawing
18	benefits from the systems administered by the Kentucky Retirement Systems
19	or the County Employees Retirement System or subject to any provision of
20	this section as it relates solely to his or her service as a mayor or member of
21	the city legislative body, if the mayor or member of a city legislative body:
22	1. Has not participated in the County Employees Retirement System prior
23	to retirement, but is otherwise eligible to retire from the Kentucky
24	Employees Retirement System or the State Police Retirement System; or
25	2. Has been or is participating in the County Employees Retirement
26	System and is at least sixty-two (62) years of age. If a mayor or member
27	of a city legislative body who is at least sixty-two (62) years of age

1		retires from the systems administered by Kentucky Retirement Systems
2		or the County Employees Retirement System but remains in office after
3		his or her effective retirement date, the mayor or member of the city
4		legislative body shall not accrue any further service credit or benefits in
5		the systems administered by Kentucky Retirement Systems or the
6		County Employees Retirement System for any employment occurring
7		on or after the effective retirement date;
8	<u>(e){(g)}</u>	Notwithstanding any provision of this section, any current or future part-
9	time	adjunct instructor for the Kentucky Fire Commission who has not
10	parti	cipated in the Kentucky Employees Retirement System prior to
11	retire	ement, but who is otherwise eligible to retire from the County Employees
12	Retin	rement System, shall not be:
13	1.	Required to resign from his or her position as a part-time adjunct
14		instructor for the Kentucky Fire Commission in order to begin drawing
15		benefits from the County Employees Retirement System; or
16	2.	Subject to any provision of this section as it relates solely to his or her
17		service as a part-time adjunct instructor for the Kentucky Fire
18		Commission;
19	<u> </u>	If a member is receiving a retirement allowance from the County
20	Emp	ployees Retirement System and enters into a contract or becomes a leased
21	emp	loyee of an employer under contract with an employer participating in the
22	Cou	nty Employees Retirement System or one (1) of the systems administered
23	<u>bv</u> tl	he Kentucky Retirement Systems:
24	1.	At any time following retirement, if the Authority determines the
25		employment arrangement does qualify as an independent contractor or
26		leased employee, the member may continue to receive his or her
27		retirement allowance during the period of the contract;

1	2.	Within one (1) month [three (3) months] following the member's initial
2		retirement date, if the Authority determines the employment
3		arrangement does not qualify as an independent contractor or leased
4		employee, the member's retirement shall be voided in accordance with
5		paragraph (a) of this subsection;
6	3.	After one (1) month[three (3) months] but within twelve (12) months
7		following the member's initial retirement, if the Authority determines

- 3. After <u>one (1) month</u>[three (3) months] but within twelve (12) months following the member's initial retirement, if the Authority determines the employment arrangement does not qualify as an independent contractor or leased employee and that a prearranged agreement existed between the member and the agency for the member to return to work with the agency, the member's retirement shall be voided in accordance with paragraph (a) of this subsection; and
- 4. After a twelve (12) month period following the member's initial retirement, the member may continue to receive his or her retirement allowance during the period of the contract and the member shall not be required to notify the Authority or submit any documentation for purposes of this section to the Authority. The initiation of a contract or the initial date of the leased employment of a retired member by a participating agency that occurs after twelve (12) months or more following the retired member's retirement date shall not constitute a prearranged agreement under this subsection;
- (g)[(i)] The Authority shall issue a final determination regarding a certification of the absence of a prearranged agreement or the retired member's qualification as an independent contractor or leased employee as required under this section no later than thirty (30) days after the retired member and participating employer provide all required forms and additional information required by the Authority; and

1	(h)[(j)] Retired members of one (1) of the systems administered by Kentucky
2	Retirement Systems who are reemployed by an employer in the County
3	Employees Retirement System on or after September 1, 2008, shall not be
4	eligible to earn a second retirement account in the County Employees
5	Retirement System for his or her service to the employer.

- The Authority shall promulgate administrative regulations to implement the requirements of this section, including incorporating by reference Authority-prescribed forms that a retired member and participating agency shall provide the systems under subsections (1) and (4) of this section.
- "Reemployment" or "reinstatement" as used in this section shall not include a 10 (6) retired member who has been ordered reinstated by the Personnel Board under 11 authority of KRS 18A.095. A retired member who has been ordered reinstated by 12 the Personnel Board under authority of KRS 18A.095 or by court order or by order 13 of the Human Rights Commission and accepts employment by an agency 14 participating in the Kentucky Employees Retirement System or County Employees 15 Retirement System shall void his or her retirement by reimbursing the system in the 16 full amount of his or her retirement allowance payments received. 17
- 18 → Section 4. This Act takes effect on January 1, 2024.

Speaker-House of Representatives

President of Senate

Attest:

Chief Clerk of House of Representatives

Approved

Governor

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3/23/2023